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GAIN Report

Global Agricultural Information Network

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Costa Rica

Citrus Annual

Orange Juice Production and Trade

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Report Highlights:

Costa Rica' production of oranges declined to 5.4 million boxes (40.824 kg.) during 2014/2015. The crop was probably the worst on record in recent history, according to industry sources. The 2015/2016 crop is expected to increase sharply to about 8.5 million boxes as improved weather patterns for orange production in the main production areas resulted in higher productivity. The outlook for 2016/2017 is for production of 9.0 million boxes, assuming normal weather patterns.

Executive Summary:

COSTA RICA: ORANGE JUICE PRODUCTION AND TRADE

Costa Rica's orange production is concentrated in the northern part of the Alajuela province, around Los Chiles, Guatuso and Upala, and in the northern part of Guanacaste, near the border with Nicaragua. Oranges are also produced in other regions of the country including Acosta, near the Central Valley, and Nandayure in Guanacaste. Two companies, TicoFrut and Del Oro, control most of the production and processing of oranges in the country. The rest is produced by medium and small size independent producers. Some of these producers have formed cooperatives and are trying to attract new farmers. The smaller independent producers tend to enter or exit the activity in response to short term price fluctuations not only of oranges but of other crops such as pineapples or coffee. The larger operations have been stable and plan their activities with a longer term horizon. The harvest takes place mainly from January to May, with peak production reached in March and April.

Production of oranges has also increased in Nicaragua, in areas bordering Costa Rica as a result of lower land prices and favorable growing conditions. The local industry has partnered with Nicaraguan businessmen to plant orange groves in that country. Area planted may grow slowly in areas of Nicaragua located within a distance that makes transportation to the main processing plants, economically feasible. According to data from the Costa Rican government, Costa Rica imported 56,873 MT of fresh oranges from Nicaragua during 2014 as compared to 68,304 MT in 2013. During the period January – October 2015, imports from Nicaragua amounted to 34,965 MT, as compared to 54,275 MT during the same period in 2014. The lower import volumes reflect the decline in production on both sides of the border during the last couple of years. The oranges from the Nicaraguan plantations are trucked to Costa Rica for processing.

Government and industry estimates put area planted at around 21,000 ha. and 7.0 million orange trees, including area planted on the Nicaraguan side of the border. The number of trees is gradually increasing because most growers are planting or renovating their plantations with the "Flying Dragon" pattern, which allows for a higher number of trees per hectare. The "Flying Dragon" pattern is planted at approximately 966 trees per hectare, as compared to a range of 312 to 444 trees per hectare for other varieties. As this pattern takes hold, the number of trees should increase in the next few years as producers replant or renovate their farms using this variety. Rather than increasing area planted, the main producers are renovating older plantations with new trees. This process is expected to result in higher production within 3 to 5 years.

The citrus greening disease, which was identified in 2011 in Costa Rica, remains a major concern for producers. The disease is difficult to manage, increases production costs, and could result in high losses. So far, growers have been able to contain the disease and have established strict controls to that effect. According to industry sources, the disease has not caused significant losses so far. Other pests such as the root worm, cause more damage to citrus plantations in the country.

Orange production declined more than previously expected during 2013/2014 and again in 2014/2015 as a result of two consecutive years of bad weather conditions throughout the main

production areas. According to industry sources 2014/2015 was the worst harvest on record. Total production declined to about 5.4 million boxes. The main reason for the lower production was that rains at the beginning of the rainy season in April and May induced flowering of the trees. After a few days of rain, the dry weather resumed and the flowering was not supported by additional water, resulting in high stress for the trees and lower production. To counteract future occurrence of this weather pattern, at least one of the major companies is investing in irrigation in some of the most affected production areas in an effort to obtain higher and more stable yields. Although Costa Rica has experienced a strong drought in some areas of the country (mainly the Northern Pacific) as a result of the effect of “El Niño”, overall weather conditions in the orange growing regions were good during 2015. As a result, the upcoming harvest is expected to be much better than the previous crop. Production may increase to 8.5 million boxes in 2015/2016. If weather conditions follow a more normal pattern in the main production areas during 2016, the 2016/2017 crop should reach about 9.0 million boxes. Also, irrigation, although initially limited to some production areas, should result in higher and more stable yields as it reaches more farms in the next couple of years.

Costa Rica exports the majority of its orange production as frozen orange juice concentrate, but also exports non frozen concentrate juice. According to information from the Costa Rican Trade Promotion Board (PROCOMER), during calendar year 2014, juice exports to all destinations amounted to 29,360 MT valued at \$51.7 million. Exports were much lower than in 2013 (37,154 MT and \$67.6 million in 2013) as a result of lower production. Data available for January- October 2015 indicate that exports continued to decline, reaching only \$35.0 million, and 24,376 MT.

The United States continues to be Costa Rica’s main destination for orange juice exports. Exports to the U.S. reached 20,832 MT in 2014, valued at \$41.5 million, and 13,264 MT valued at \$22.9 million during the period January-October 2015. Other important destinations include the Netherlands, Spain, and Panama.

Costa Rican orange juice enters the United States duty free under the CAFTA – DR.

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